

**Proposed Regulatory Language  
Committee II - Program Issues**

**Quick Fix:** No.

**Origin:** Fed Up #35

**Issue:** Late Disbursements

**Regulatory Cite:** §668.164(g)

**Summary of Change:** This section has been restructured to read more easily. The substantive changes from current regulations to this section would:

- (1) Eliminate the requirement that, for Pell Grant purposes, the school must have received a 'valid' SAR or ISIR before the student withdrew [668.164(g)(1)].
- (2) Change the requirement that in order to make a late disbursement the school must have received a SAR or ISIR with an official EFC while the student was still eligible, to that the Secretary must have processed a SAR or ISIR with an official EFC while the student was still eligible [§668.164(g)(2)(i)].
- (3) Exclude a late disbursement of a PLUS loan from the above SAR/ISIR processing requirement [§668.164(g)(2)(i)].
- (4) Clarify the current requirement that an institution must make any required post-withdrawal disbursement to a student who has withdrawn and is subject to the provisions of §668.22 [§668.164(g)(3)(i)].
- (5) Provide that an institution must offer a late disbursement to a student who had completed a payment or loan period [§668.164(g)(3)(ii)].
- (6) Provide an additional 30 days (total of 120 days) for the institution to make a late disbursement [§668.164(g)(4)(i)].
- (7) Add PLUS loans to the prohibition of making a second or subsequent late disbursement of a FFEL or Direct Loan unless the student completed the period for which the loan was intended [§668.164(g)(4)(ii)].

- (8) Provide that a school may make a late disbursement to a first-year, first-time borrower if the school is exempt from the delayed disbursement requirements [§668.164(g)(4)(iii)].

**Updated Information  
Since 3/6-8 Meetings:**

- (1) This section has been redrafted to read more easily.
- (2) Makes clear that a SAR or ISIR is not required for a late disbursement of a PLUS loan.
- (3) Changes the requirement that in order to make a late disbursement the school must have received a SAR or ISIR with an official EFC while the student was still eligible, to that the Secretary must have processed a SAR or ISIR with an official EFC while the student was still eligible.
- (4) For a late disbursement to a student who completed a payment or enrollment period, clarifies that the school may credit the student's account to pay for allowable costs but must offer any remaining funds to the student.
- (5) Provides that a late disbursement must be made within 120 days instead of 90 days.
- (6) Provides that a school may make a late disbursement to a first-year, first-time borrower if the school is exempt from the 30-day delayed disbursement requirements.

**Tentative Agreement:** No

**Change:**

- 1. The authority citation for part 668 continues to read as follows:

AUTHORITY: 20 U.S.C. 1094

- 2. Section 668.164(g) is amended to read as follows:

(g) Late disbursements. (1) Ineligible student. For purposes of this paragraph, an otherwise eligible student becomes ineligible to receive title IV, HEA program funds on the date that--

(i) For a loan under the FFEL and Direct Loan programs, the student is no longer enrolled at the institution as at least a half-time student for the loan period; or

(ii) For an award under the Federal Pell Grant, FSEOG, and Federal Perkins Loan programs, the student is no longer enrolled at the institution for the award year.

(2) Conditions for a late disbursement. Except as limited under paragraph (g)(4) of this section, a student who becomes ineligible (or the student's parent) may receive a late disbursement if before the date the student became ineligible--

(i) Except in the case of a PLUS loan, the Secretary processed a SAR or ISIR with an official expected family contribution; and

(ii)(A) For a loan under the FFEL or Direct Loan programs, the institution certified or originated the loan; or

(B) For an award under the Federal Perkins Loan or FSEOG programs, the institution made that award to the student.

(3) Making a late disbursement. Provided that the conditions described in paragraph (g)(2) of this section are satisfied-

(i) If the student withdrew from the institution during a payment period or period of enrollment, the institution must make any post-withdrawal disbursement required under §668.22(a)(3) in accordance with the provisions of §668.22(a)(4);

(ii) If the student successfully completed the payment period or period of enrollment, the institution must provide the student (or parent) the opportunity to receive the amount of Title IV HEA funds that the student (or parent) was eligible to receive while the student was enrolled at the institution. For a late disbursement in this circumstance, the institution may credit the student's account to pay for current and allowable charges as described in paragraph (d) of this section, but must offer any remaining amount to the student or parent; or

(iii) If the student did not withdraw but ceased to be enrolled as at least a half-time student, the institution may make the late disbursement of a loan under the FFEL or Direct Loan programs to pay for educational costs that the institution determines the student incurred for the period in which the student was eligible.

(4) Limitations. (i) An institution may not make a late disbursement later than 120 days after the date of the institution's determination that the student withdrew, as provided under §668.22, or, for a student who did not withdraw, 120 days after the date the student otherwise became ineligible;

(ii) An institution may not make a second or subsequent late disbursement of a loan under the FFEL or Direct Loan program unless the student successfully completed the period of enrollment for which the loan was intended; and

(iii) An institution may not make a late disbursement of a loan under the FFEL or Direct Loan program if the student was a first-year, first-time borrower unless the student completed the first 30 days of his or her program of study. This limitation does not apply if the institution is exempt from the 30-day delayed disbursement requirements under §682.604(c)(5)(i)-(iii) or §685.303(b)(4)(i)(A)-(C).